

**2010 Exploration Program**

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January 2010



## 2010 exploration

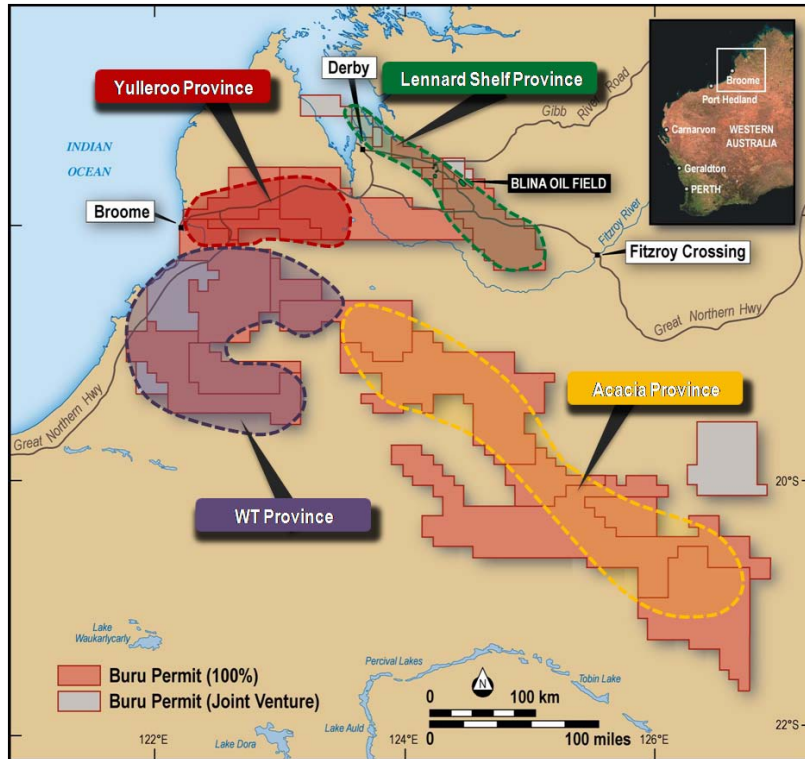
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Buru is commencing on-ground exploration in May 2010...

- Six well exploration drilling campaign
- Potential to test two existing wells
- Two high impact seismic programs

...giving shareholders full exposure to the blue sky potential of the Canning Basin during 2010

# Focused Exploration



Buru's Canning Basin acreage showing location of the major hydrocarbon provinces



## Buru has undertaken a rigorous technical re-evaluation of the Canning Basin

**The Canning Superbasin** – Buru's re-evaluation of the Canning Basin has broken the Canning Basin "Superbasin" into a number of discrete sub-basins and hydrocarbon provinces each with its own geological characteristics and prospectivity

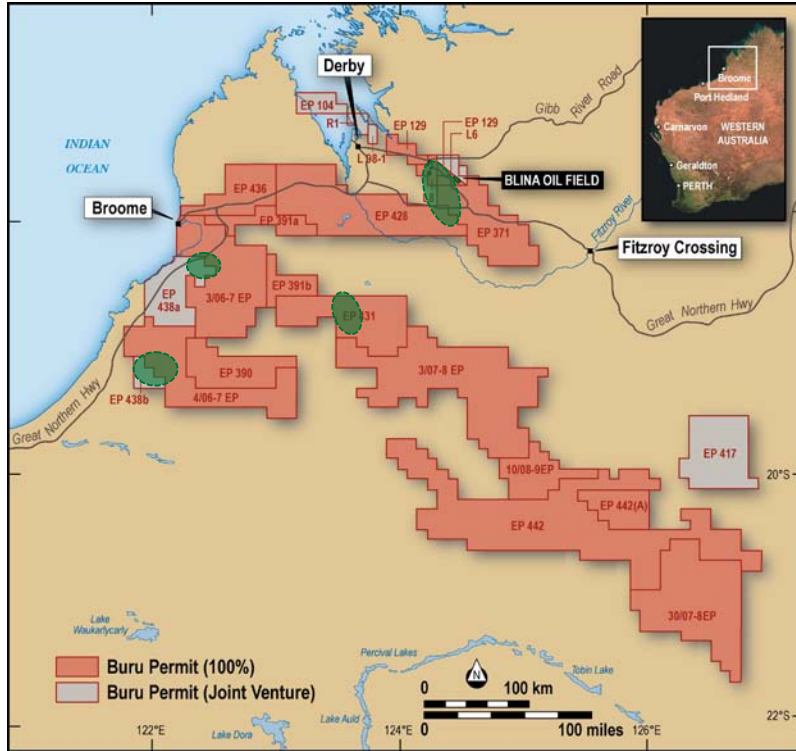
**Focus** – Buru is focusing its exploration program on what it considers to be the four most prospective geological provinces from its analysis of the Superbasin:

- Lennard Shelf Province
- Yulleroo Province
- WT Province
- Acacia Province

**Technical review** – Buru's re-evaluation has involved a disciplined technical review based on:

- A full digital data set which has not been available to previous explorers
- The discrete analysis of each sub-basin and hydrocarbon province

# 2010 Drilling Campaign



Green shading shows broad areas of interest for exploration drilling in 2010

## Testing up to six prospects across the major hydrocarbon provinces in the Canning Basin

**2010 Drilling Philosophy** – Buru’s philosophy is to test at least one prospect in each of the four provinces it has focused on, maximizing the variety of play types tested and geological knowledge gained, whilst diversifying the geological risk

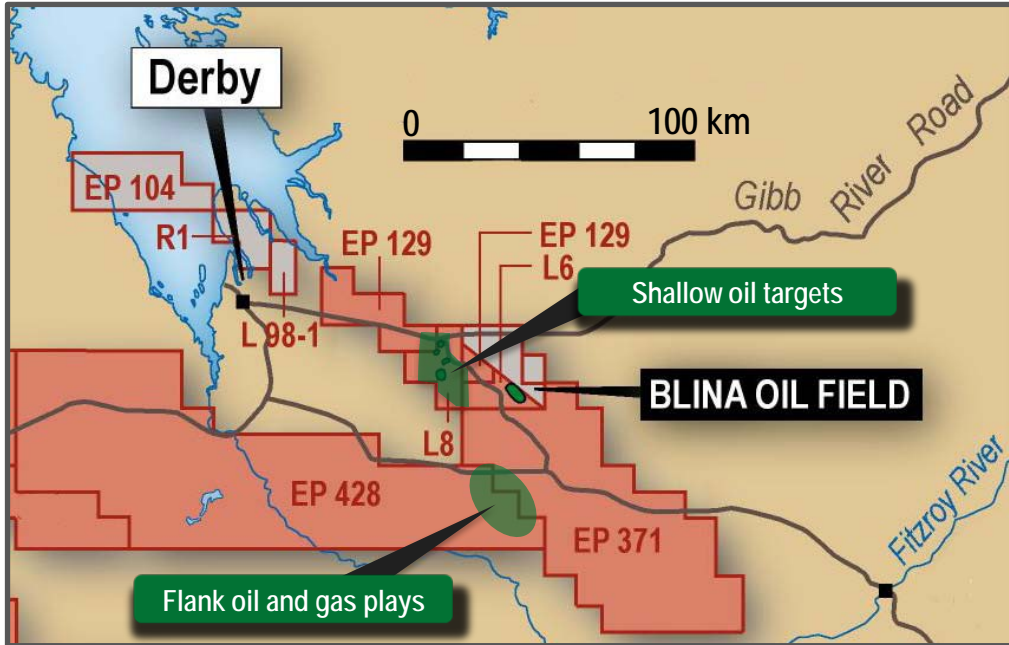
**2010 Prospect Criteria** – to be considered for drilling in 2010 a prospect must:

- have a proven hydrocarbon system
- be technically robust
- have the potential for early monetisation; and
- have identified follow-on wells in the event of a discovery

**2010 Prospects** – Buru is currently undertaking a technical, operational and economic evaluation of a high graded set of existing prospects to select the final drilling targets which are expected to be announced in late March or April 2010



## Lennard Shelf Province



Green shading indicates general location of potential 2010 Lennard Shelf Province wells

**Existing oil production and new 2D and 3D seismic acquired in late 2009 highlights the potential of the Lennard Shelf Province**

**Shallow oil targets** – the drilling campaign is likely to include between one and three relatively shallow wells in the area covered by the Bunda 3D seismic survey:

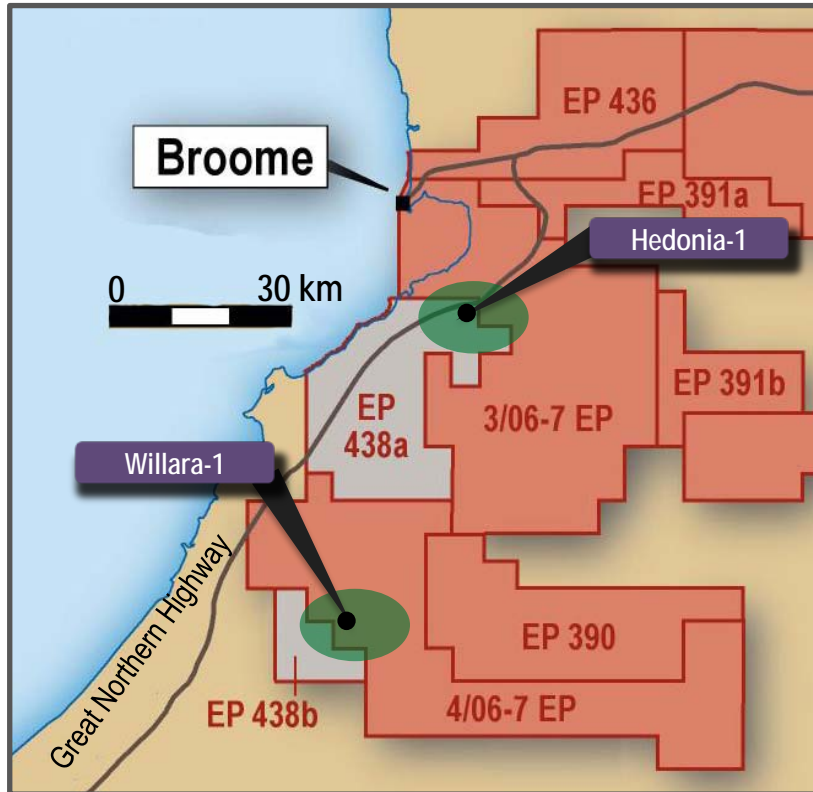
- Target depths of 1,200m – 1,800m
- Modest to medium size oil targets
- Proximity to existing Blina and Sundown oil field infrastructure allows new discoveries to be quickly brought into production

**F flank oil and gas plays** – a prospect in the southern part of the Lennard Shelf Province in the area covered by the Paradise 2D seismic survey is likely to be included in the drilling campaign:

- Target depth of up to 2,500m
- Moderate to significant size oil, gas and condensate targets with encouragement from Valhalla-1
- The Paradise structure is a likely candidate for drilling



# WT Province



Green shading indicates general location of potential 2010 WT Province wells

## Ease of commercialization and potential for follow-up drilling provides significant upside to exploration in the WT Province

**Untested shows** – the WT Province has a number of wells with significant oil and gas shows. These include:

- The Hedonia-1 well drilled by Gulf Oil in 1984 which encountered high porosity reservoir with good oil shows but was not tested
- The Willara-1 well drilled by WAPET in 1964 is interpreted by Buru to have encountered an untested gas accumulation

**Target established plays** – it is likely that the 2010 drilling campaign will include two prospects in the WT Province, analogous to the Hedonia-1 and Willara-1 wells:

- A well in the northern WT Province targeting moderately sized oil accumulations, similar to Hedonia-1
- A well in the southern WT Province targeting moderately sized gas and condensate accumulations

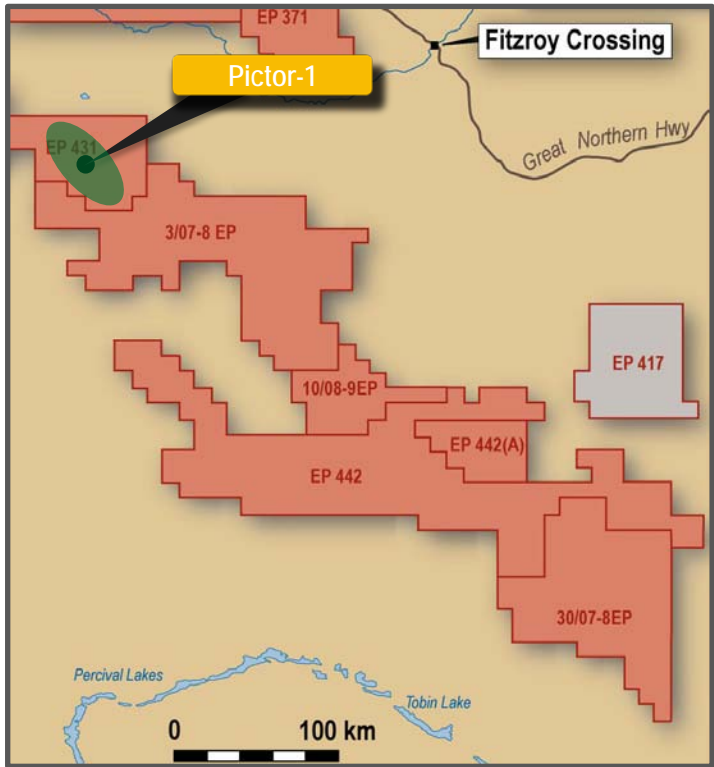
**Commercialization** – the prospects under evaluation are in close proximity to the Great Northern Highway and have good follow-up potential meaning a single discovery may lead to the development of a new production hub



# Acacia Province



Pictor-1 wellhead



Green shading indicates general location of potential 2010 Acacia Province wells

**A high potential province at an early stage of exploration with success likely to open up a new regional play**

**Significant acreage** - the Acacia Province is approximately 450km long, but very sparsely explored, particularly in the southeast

**Existing discovery** – the Pictor-1 well drilled in 1984 in the northwestern part of the Acacia Province flowed gas and light oil but has not been appraised. It also contained an interpreted oil zone in the Acacia Sandstone that was not tested.

**Targeting northwestern areas** – Buru's evaluation of the Acacia Province for the 2010 drilling season is focused on the area around Pictor-1. An appraisal of Pictor-1 or an exploration well in the same area are being evaluated for potential inclusion in the 2010 drilling campaign



## 2010 Existing Well Tests



Stokes Bay-1 well

**In addition to up to six exploration wells, existing wells are being evaluated to determine whether they can be re-entered for testing during 2010 on ground operations**

### **Stokes Bay-1**

- An inconclusive test of the reservoir at Stokes Bay-1 was undertaken by the joint venture in late 2008
- The joint venture is currently undertaking a study to identify an effective way to undertake a definitive test of the Stokes Bay-1 well
- Depending on the outcome of the study, and the view of the joint venture, it is possible that a test of Stokes Bay-1 could be included as part of the 2010 on ground operations

### **Yulleroo-2**

- The Yulleroo-2 well encountered a significant gas column when it was drilled in 2007, but was not tested at the time due to mechanical and operational drilling problems
- Buru is currently conducting a study to determine whether it is possible to test Yulleroo-2 during the 2010 field season



## 2010 Seismic



Conduct of Paradise 2D seismic survey in 2009



**In addition to drilling, Buru is proposing to acquire further seismic to enhance its understanding of the Canning Basin and lay the foundations for future exploration and potential farm-outs**

### **Yulleroo South 2D seismic survey**

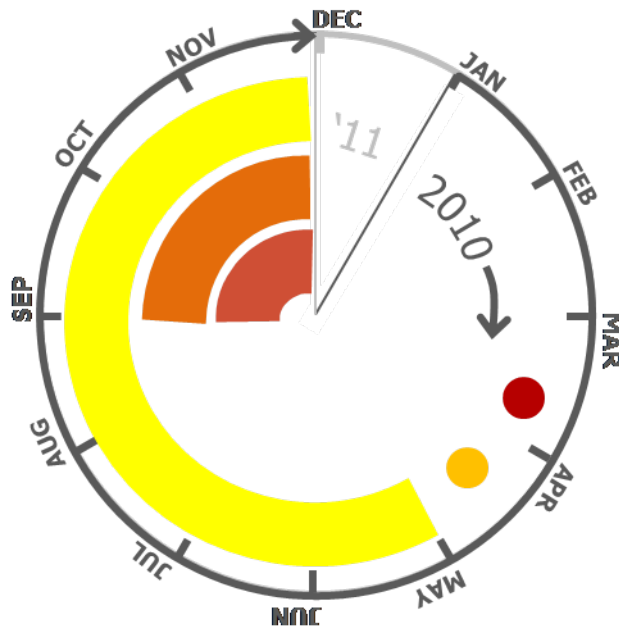
- Approximately 347 line kilometres to be acquired in the Yulleroo Province
- Designed to further delineate the extent of the Yulleroo Province and to identify the potential for follow-up wells to Yulleroo-1 and Yulleroo-2

### **Pijalinga and Hope 2D seismic surveys**

- Approximately 408 line kilometres to be acquired in the southeastern part of the Acacia Province
- These surveys will be amongst the first modern seismic surveys conducted in the southeast part of the Acacia Province and will greatly enhance the geological understanding of the region and the prospect identification process
- The results of this survey will be an important part of identifying prospects for drilling in the 2011 drilling campaign and for potentially attracting farminees

# Timing

- Drilling program finalized and announced
- Mobilize Fairway Rig to Canning Basin
- 6 well drilling campaign
- 2D seismic surveys: Yulleroo South, Pijalinga and Hope
- Indicative timing of well tests: Stokes Bay-1 and Yulleroo-2



*Note that all timings are indicative, subject to joint venture, regulatory and Traditional Owner approvals and ongoing technical, operational and economic review.*

## Drilling program planned to commence in May 2010 using the Fairway Rig

- The Fairway Rig is currently being fully refurbished in preparation for the 2010 drilling campaign and is expected to be mobilized to the Canning Basin in April
- The first well is expected to be commenced in May
- Wells are expected to take approximately 4 weeks to drill (depending on depth and completion) with approximately 2 - 3 weeks for mobilization between drill sites
- Assuming all six wells are drilled, the drilling campaign will be completed late November or early December
- A test of Stokes Bay-1 is unlikely to use the Fairway Rig, so could occur during the drilling campaign. A test of Yulleroo-2 is likely to use the Fairway Rig and occur following completion of the exploration drilling campaign
- Seismic surveys planned to commence in September and run for approximately 3 months

## Cost



Fairway Rig



### **Buru is fully funded for its 2010 on ground operations**

- \$45.8 million of cash on hand available for exploration at end of December 2009
- Refurbishment of Fairway Rig expected to cost approximately \$1.7 million
- Drilling program expected to cost \$3 - \$5 million per well, with total drilling campaign expected to cost approximately \$20 million
- 2010 seismic surveys expected to cost approximately \$6 - \$7 million
- Testing of Stokes Bay-1 and Yulleroo-2 currently being evaluated but unlikely to cost more than \$1 million each
- Total 2010 on-ground expenditure is expected to be approximately \$28 million
- On completion of 2010 on-ground activities sufficient cash is expected to be available for development of discoveries and further exploration in 2011

## 2010 exploration

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- Buru is finalizing an exciting, high impact on-ground operations program for 2010, including:
  - Six well exploration drilling campaign commences May
  - Potential to test two existing wells
  - Two high impact seismic programs
- Finalizing the on-ground operations program requires further technical, operational and economic evaluation and approval from joint venture partners, regulators and Traditional Owners
- Buru will provide ongoing updates as the details of the on-ground operations program are finalised

**2010 Exploration Program**

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